



Arizona State Retirement System

3300 North Central Avenue, Phoenix, AZ 85012

WWW.AZASRS.GOV

AskMac@azasrs.gov

ASRS News

Contribution Rate set back to equal split for pre-July 2011 Members

April 26, 2012

The ASRS has been notified that a Judgment was entered on April 12, 2012 in Maricopa County Superior Court in the case *Barnes vs. ASRS and the State of Arizona*.

The Judgment directs that the ASRS retirement contribution rate split for pre-July 2011 ASRS members only return to a 50/50 percent employee-employer split prospectively. Employers have been instructed to return to applying the contribution rate in equal portions to be paid by the employee and the employer for all ASRS members with an initial ASRS membership date prior to July 1, 2011.

This Judgment applies only to this group of employees, and only with respect to the pension plan. The contribution rate split for the Long Term Disability (LTD) portion remains 53/47 employee-employer for all ASRS members.

The ASRS contribution rate split was changed under provisions of Senate Bill 1614, passed and signed into law last year. It changed the split from 50/50 to 53 percent employee, 47 percent employer and became effective on July 20, 2011 with a retroactive clause that implemented the new split at the start of the fiscal year, July 1, 2011.

A challenge to that law was upheld in Superior Court and made final with the filing of the April 12 judgement.

The lawsuit did not challenge the retirement contribution rate split for post-July 2011 ASRS members. The retirement contribution rate split for members who joined the ASRS on or after July 1, 2011 remains 53/47 employee-employer.

The lawsuit also did not address refunding contributions paid in excess of 50 percent by members.

However, unrelated to the litigation, the Arizona Legislature is contemplating legislation that would return both the retirement and LTD contribution rate split to 50/50 for all ASRS members regardless of membership start date. In its current form, the bill contains a July 1, 2011 retroactive effective date and directs employers to pay their employees a refund for employee contributions that exceeded 50 percent split.

New information as it becomes available will be posted on the ASRS website.